



News Release

HEALTH AND HUMAN SERVICES AGENCY

FOR IMMEDIATE RELEASE
January 6, 2005

CONTACT: Donna J. Kingwell
(916) 654-3304

SECRETARY ANNOUNCES DRUG DISCOUNT PLAN FOR UNINSURED INDIVIDUALS

S. KIMBERLY BELSHÉ
SECRETARY

SACRAMENTO – California Health and Human Services Agency Secretary Kim Belshé today provided details of the Governor's proposed prescription drug discount program, known as California Rx (Cal Rx), that will provide nearly five million uninsured residents with discounts in excess of 40 percent off retail prescription drug prices.

"The Governor's plan delivers on his commitment to make prescription medicine more affordable and available for uninsured Californians," said Belshé. "Unlike drugs purchased through Canadian Websites, Cal Rx will provide convenient access to medicines that are legal and meet U.S. standards."

Cal Rx will offer "one-stop shopping" to link consumers to existing manufacturer programs and Cal Rx discounted drugs. The Governor has secured a commitment from the Pharmaceutical Researchers and Manufacturers Association (PhRMA) to provide \$10 million over the next two fiscal years to create and publicize a Web-based clearinghouse to help Californians enroll in manufacturers' free and discount drug programs. Building on the clearinghouse function, Cal Rx will provide an easy to use single point of entry to direct consumers to the best prices for their prescription, whether through companies' free programs or the Cal Rx negotiated discount.

Key components of Cal Rx include:

- Drug manufacturers will provide a minimum discount of the lowest price paid by any commercial purchaser in California; additional discounts from manufacturers will be negotiated to maximize benefits for Cal Rx participants. The combination of pharmacy and manufacturer discounts will provide eligible consumers an average savings of at least 40 percent off of retail prescription drug prices.
- Cal Rx enrollees with incomes up to 300 percent of the federal poverty line (\$27,930 for an individual; \$56,550 for a family of four) are eligible.
- Age is not a consideration for qualification for Cal Rx.
- Enrollment in Cal Rx will occur through a pharmacy, physician office or the Internet.
- State General Fund contribution of roughly \$4 million to develop and implement Cal Rx will also help Cal Rx secure even deeper discounts from drug manufacturers.

The legislation to create Cal Rx will be carried by Senator Deborah Ortiz (D-Sacramento), chair of the Senate Health Committee, and co-authored by Senator Charles Poochigian (R-Fresno).

"Cal Rx offers not just the promise, but the reality of meaningful discounts for nearly five million uninsured Californians," said Ortiz. "I look forward to working with the Administration and advocates to bring more affordable prescription drugs to this critical population."

Cal Rx is scheduled to begin on January 1, 2006; the clearinghouse will begin operating in Spring 2005.

###

Agency Departments & Boards:

Aging

Alcohol and
Drug Programs

Child Support
Services

Community Services
and Development

Developmental
Services

Emergency Medical
Services Authority

Health Services

Health and
Human Services
Data Center

Managed Risk
Medical Insurance

Mental Health

Rehabilitation

Social Services

Statewide Health
Planning and
Development